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to some ten or eleven thousand millions, constitute a vital part of the structure of credit, and the unquestioned solidity of that structure must be maintained.

The Secretary of War and I easily agreed that, in view of the many complex interests which must be safeguarded and harmonized, as well as because of his exceptional experience and ability in this new field of governmental action, the Hon. William G. McAdoo was the right man to assume direct administrative control of this new executive task. At our request, he consented to assume the authority and duties of organizer and director general of the new railway administration. He has assumed those duties and his work is in active progress.

It is probably too much to expect that even under the unified railway administration which will now be possible sufficient economies can be effected in the operation of the railways to make it possible to add to their equipment and extend their operative facilities as much as the present extraordinary demands upon their use will render desirable without resorting to the national treasury for the funds. If it is not possible, it will, of course, be necessary to resort to the Congress for grants of money for that purpose.

The Secretary of the Treasury will advise with your committees with regard to this very practical aspect of the matter. For the present, I suggest only the guarantees I have indicated and such appropriations as are necessary at the outset of this task. I take the liberty of expressing the hope that the Congress may grant these promptly and ungrudgingly. We are dealing with great matters and will, I am sure, deal with them greatly.

III

OFFICIAL ORDERS OF DIRECTOR GENERAL McADOO¹

ORDER No. 1

December 29, 1917.

Pursuant to the order of the President of the United States, through the Secretary of War, the undersigned, as Director General of Railroads, has taken possession and assumed control of certain transportation systems described in the Proclamation of the President, of which Proclamation and Order officers, agents and employes of said transportation systems are to take immediate and careful notice. In addition to the provisions therein contained, it is,

Until Further Order, Directed That:

1. All officers, agents and employes of such transportation systems may continue in the performance of their present regular duties, reporting to the same officers as heretofore and on the same terms of employment.
2. Any officer, agent or employe desiring to retire from his employment shall give the usual and seasonable notice to the proper officer to the end that there may be no interruption or impairment of the transportation service required for the successful conduct of the war and the needs of general commerce.

¹ Official orders issued by the Director General of Railroads up to the time this volume went to press.

3. All transportation systems covered by said Proclamation and Order shall be operated as a national system of transportation, the common and national needs being in all instances held paramount to any actual or supposed corporate advantage. All terminals, ports, locomotives, rolling stock and other transportation facilities are to be fully utilized to carry out this purpose without regard to ownership.

4. The designation of routes by shippers is to be disregarded when speed and efficiency of transportation service may thus be promoted.

5. Traffic agreements between carriers must not be permitted to interfere with expeditious movements.

6. Through routes which have not heretofore been established because of short hauling or other causes, are to be established and used whenever expedition and efficiency of traffic will thereby be promoted; and if difficulty is experienced in such through routing, notice thereof shall be carriers or shippers or both be given at once to the Director by wire.

7. Existing schedules of rates and outstanding orders of the Interstate Commerce Commission are to be observed, but any such schedules of rates or orders as may hereafter be found to conflict with the purposes of said Proclamation or with this order shall be brought immediately by wire to the attention of the Director.

GENERAL ORDER No. 2

To the Chief Executives of the Railroads:

Pursuant to the authority vested in me by the President of the United States in his proclamation of December 26, 1917, wherein it was stated that for purposes of accounting, possession and control of the railroads shall date from 12 o'clock midnight on December 31, 1917, you are notified that, until otherwise directed, no changes in the present methods of accounting as prescribed by the Interstate Commerce Commission will be required. The accounts of your respective companies shall be closed as of December 31, 1917, and opened as of January 1, 1918, in the same manner as they have heretofore been handled at the close of one fiscal period and the beginning of another; and in the same manner that you should have handled your accounts had the government not taken possession and control

ORDER No. 3

All carriers by railroad, subject to the jurisdiction of the undersigned, are hereby ordered and directed forthwith to publish and file, and to continue in effect until further order, tariffs effective January 21, 1918, wherein demurrage rules, regulations and charges shall be changed so as to provide.

A. (1) Forty-eight hours' (two days) free time for loading or unloading on all commodities.

(2) Twenty-four hours' (one day) free time on cars held for any other purpose permitted by tariff.

B. Demurrage charges per car per day or fraction of a day until car is released, as follows: \$3.00 for the first day, \$4.00 for the second day, and for each succeeding additional day the charge to be increased \$1.00 in excess of that for the preceding day until a maximum charge of \$10.00 per car per day shall be reached

on the eighth day of detention beyond free time, the charge thereafter to be \$10.00 per car per day or fraction thereof. These charges will supersede all those named in existing tariffs applicable to domestic freight, and specifically contemplate the cancellation of all average agreement provisions of existing tariffs.

No change is authorized hereby to be made in demurrage rules, regulations and charges applying on foreign export freight awaiting ships at export points.

Upon my request, the Interstate Commerce Commission has issued Fifteenth Section Order No. 225² authorizing the filing of tariffs to accord with this order to become effective January 21, 1918, on one day's notice.

Carriers shall immediately file said tariffs with appropriate state commissions or other state authorities.

Dated at Washington, this fifth day of January, 1918.

* FIFTEENTH SECTION ORDER NO. 225

At a Session of Division 2 of the INTERSTATE COMMERCE COMMISSION, held at its office in Washington, D. C., on the 5th day of January, A. D. 1918.

EDGAR E. CLARK,
WINTHROP M. DANIELS, } Commissioners.
ROBERT W. WOOLLEY,

Application under Section 15 of the Act to Regulate Commerce, as amended August 9, 1917, for approval for filing of an increased rate, fare, charge, or classification.

Demurrage Rules, Regulations and Charges

The Director General of Railroads having requested the Commission's approval for filing tariffs containing changes in demurrage rules, regulations and charges in compliance with his order No. 3 of January 5, 1918, effective January 21, 1918, so as to provide as follows:

- "A. (1) Forty-eight hours' (two days) free time for loading or unloading on all commodities.
- (2) Twenty-four hours' (one-day) free time on cars held for any other purpose permitted by tariff.

B. Demurrage charges per car per day or fraction of a day until car is released, as follows: \$3.00 for the first day, \$4.00 for the second day, and for each succeeding additional day the charge to be increased \$1.00 in excess of that for the preceding day until a maximum charge of \$10.00 per car per day shall be reached on the eighth day of detention beyond free time, the charge thereafter to be \$10.00 per car per day or fraction thereof. These charges will supersede all those named in existing tariffs applicable to domestic freight, and specifically contemplate the cancellation of all average agreement provisions of existing tariffs.

No change is authorized hereby to be made in demurrage rules, regulations and charges applying on foreign export freight awaiting ships at export points."

It is ordered, That the rules, regulations and charges herein above set forth be, and they are hereby, approved for filing, without formal hearing, which approval shall not affect any subsequent proceeding relative thereto;

It is further ordered, That said tariffs may be filed, effective January 21st, 1918, upon not less than one (1) day's notice to the Commission and to the general public in the manner prescribed in Section 6 of the Act to Regulate Commerce;

And it is further ordered, That the tariffs filed under authority of this order shall bear on title pages thereof the following notation:

Increased demurrage rules, regulations and charges in this tariff are filed on one day's notice under authority of the Interstate Commerce Commission's Fifteenth Section Order No. 225 of January 5, 1918, without formal hearing, which approval shall not affect any subsequent proceeding relative thereto.

By the Commission, Division 2:

[SEAL]

GEORGE B. McGINTY,
Secretary.

GENERAL ORDER No. 4

January 18, 1918.

For purposes of operation the railroads of the United States will be classified as Eastern Railroads, Southern Railroads and Western Railroads, defined as follows:

Eastern Railroads—The railroads in that portion of the United States north of the Ohio and Potomac rivers and east of Lake Michigan and the Indiana-Illinois state lines; also those railroads in Illinois extending into that state from points east of the Indiana-Illinois state line; also the Chesapeake & Ohio, the Norfolk & Western and the Virginian railways.

Southern Railroads—All railroads in that portion of the United States south of the Ohio and Potomac rivers and east of the Mississippi River, except the Chesapeake & Ohio, Norfolk & Western and the Virginian railways; and also those railroads in Illinois and Indiana extending into those states from points south of the Ohio River.

Western Railroads—All railroads not included in the above definitions and, broadly speaking, all railroads in the territory west of Lake Michigan and of the Indiana-Illinois state line to the Ohio River and west of the Mississippi River from the Ohio River to the Gulf of Mexico, excepting those railroads in Illinois included in Eastern Territory, and those railroads in Illinois and Indiana included in Southern Territory, as above stated.

Mr. A. H. Smith, President of the New York Central, is appointed Regional Director, with office at New York, in charge of the operation of Eastern Railroads.

Mr. C. H. Markham, President of the Illinois Central, is appointed Regional Director, with office at Atlanta, in charge of the operation of Southern Railroads.

Mr. R. H. Aishton, President of the Chicago & North Western, is appointed Regional Director, with office at Chicago, in charge of the operation of Western Railroads.

Orders issued by the gentlemen named in their capacity as Regional Directors will be issued by authority of the Director General and will be respected accordingly.

GENERAL ORDER No. 5

Pursuant to the authority vested in me as Director General of Railroads by the President of the United States in his proclamation of December 26, 1917, I hereby create a Railroad Wage Commission and name as the members thereof, Franklin K. Lane, Secretary of the Interior; Charles C. McChord, member of the Interstate Commerce Commission; J. Harry Covington, Chief Justice of the Supreme Court of the District of Columbia and William R. Willcox of New York.

It is Ordered and Directed that:

The Commission shall make a general investigation of the compensation of persons in the railroad service, the relation of railroad wages to wages in other industries, the conditions respecting wages in different parts of the country, the special emergency respecting wages which exists at this time owing to war conditions and the high cost of living, as well as the relation between different classes of railroad labor.

The Commission shall begin its labors at once, and make report to the Director General, giving its recommendations in general terms as to changes in existing compensations that should be made.

Officers, agents and employes of the railroads are directed to furnish to the Railroad Wage Commission upon request all information it may require in the course of its investigations.

GENERAL ORDER No. 6*

January 28, 1918.

To Officers and Directors of Railroad Companies:

During the period of possession, operation, and government control of railroads, it is necessary that officers, directors, and agents of railroad companies be very careful in the handling of moneys and in the dealing with transportation matters. Without attempting at this time to give general directions, there are a few matters involving the expenditure of moneys for purposes having no direct relation to transportation, which should receive immediate attention; as well as the issuance of free transportation.

It is therefore ordered that the carriers' operating revenues shall not be expended:

1. For the payment of agents or other persons who are employed in any way to affect legislation.
2. For the employment of attorneys who are not actually engaged in the performance of necessary legal work for the company.
3. For the payment of the expenses of persons or agencies constituting associations of carriers unless such association is approved in advance by the Director General.
4. For any political purpose or to directly or indirectly influence the election of any person or an election affecting any public measure.

Issuance of Free Passes

No passes or free transportation shall be issued by any carrier under federal control or any official of such carrier unless the issuance of such free transportation is expressly authorized by the Act of Congress entitled "An Act to Regulate Commerce, Approved February 4, 1887, and Amendments thereto"; and any such passes or free transportation heretofore issued not in conformity with said act must be recalled.

This order applies to all carriers under federal control, whether interstate or intrastate.

*NOTE—Since this volume went to press, Order No. 7 and Fifteenth Section Order No. 300, *in re* National and Car Demurrage Rules, Regulations and Charges have been issued. Copies of these orders may be secured from the office of the Director General of Railroads, Washington, D. C., upon application.